



June 28, 2021

Federal Housing Finance Agency
Office of Housing and Regulatory Policy
400 7th Street SW, 9th Floor
Washington, D.C. 20219
Submitted electronically at FHFA.gov

Re: REQUEST FOR INPUT: SHORT TERM RENTAL UNITS IN CONDOMINIUM,
COOPERATIVE, AND PLANNED UNIT DEVELOPMENT PROJECTS

To Whom it May Concern:

We write today in response to Federal Housing Finance Agency's (FHFA) request for input regarding eligibility requirements that Fannie Mae and Freddie Mac impose on mortgage loan sellers for condominium (condo), cooperative (co-op), and planned unit development (PUD) projects that (i) have short-term rental units (30 days or less), (ii) that operate as commercial enterprises with services and amenities similar in function to hotels and motels (i.e., vacation or recreational lodging), and/or (iii) may otherwise be considered transient housing (collectively, "Short-Term Projects").

We appreciate the opportunity to comment and look forward to working with FHFA to promote equitable homeownership by helping Americans leverage the economic opportunity of the short-term rental economy.

Airbnb and FHFA: Working Together to Expand Homeownership

Since our start in 2007, when two Hosts welcomed three guests to their San Francisco home, Airbnb has been a platform dedicated to helping people stay in their home and achieve the American Dream of homeownership by reaping the benefits of short-term rentals. According to a recent survey of our Host community, 42 percent of Airbnb Hosts in the US reported that the income they earned by sharing their home in the last year has helped them to stay in their home.¹

To that end, we have worked with FHFA on a number of initiatives designed to ensure that short-term rentals are an economic empowerment tool for Americans. In 2018, as part of Fannie Mae's effort to find new, innovative ways to expand the availability of affordable mortgage credit, Airbnb [partnered](#) with Fannie and three financial institutions to allow many Hosts on Airbnb to count some, or all, of their short-term rental revenue as income for the purpose of refinancing.

¹ Based on a survey conducted from February 1, 2021 through March 3, 2021 of Airbnb Homes Hosts in the US who hosted a trip during 2020.



To that end, as detailed below, we firmly believe that FHFA should continue to promote policies that embrace the economic potential of the short-term rental economy for all Americans.²

Comments on RFI

A Snapshot of the Short-Term Rental Community

It is critical that FHFA recognize the diversity of the short-term rental community and the reality of how people use their property in the 21st century.

The vast majority of Hosts on Airbnb are individuals who share their primary or secondary homes. As of December 31, 2019, 90% of our hosts were individual hosts, and 79% of those hosts had just a single listing. Additionally, as of December 31, 2019, 72% of our nights booked were with individual hosts.³

These Hosts rely on Airbnb for critical supplemental income-- to pay the rent/mortgage, save for retirement, and support their families. Between March 11, 2020 (when COVID-19 was officially declared a global pandemic) and the same date in 2021, the average new Host with only one listing in the U.S. earned more than \$8,000.⁴

In addition, Airbnb has long been an economic empowerment engine for women: 55% of our Host community and 58% of all Superhosts are women.⁵

Many of these Hosts rely on short-term rental income to pay critical bills. According to a survey of Hosts on Airbnb, during the pandemic, nearly three in 10 US hosts (29 percent) have used their hosting income to pay their rent or mortgage—including half (49 percent) of hosts aged 25-34.⁶

Distinguishing STR from Traditional Accommodation (Hotels/Motels)

Numerous types of regulations have long distinguished between short-term rentals (including timeshares and vacation rentals) and hotels/motels.

The International Building Code, a version of which is in place in all 50 US states, distinguishes traditional accommodations (hotels, motels), which are categorized as R-1, from vacation timeshare properties, which are categorized as R-2, and lodging houses with 5 or fewer guest rooms and boarding houses with 10 or fewer occupants, which are classified as R-3.⁷ This

² <https://news.airbnb.com/wp-content/uploads/sites/4/2018/02/Airbnb-Financial-Initiative-Press-Release-2.7.18.pdf>.

³ <https://www.sec.gov/Archives/edgar/data/1559720/000119312520294801/d81668ds1.htm>.

⁴ https://s26.q4cdn.com/656283129/files/doc_financials/2021/q1/Airbnb_Q1-2021-Shareholder-Letter_Final.pdf.

⁵ https://s26.q4cdn.com/656283129/files/doc_financials/2021/q1/Airbnb_Q1-2021-Shareholder-Letter_Final.pdf.

⁶ <https://news.airbnb.com/wp-content/uploads/sites/4/2021/02/New-Hosts-Earnings-Report-Airbnb.pdf>.

⁷ IBC 310 (2015); available at <https://codes.iccsafe.org/public/document/IBC2015/chapter-3-use-and-occupancy-classification>.



highlights the longstanding belief that regulations should distinguish between commercial hotels and residential structures that happen to be occupied for short-term rental purposes.

To that end, a building that “walks, talks, and squawks” and functions primarily like a hotel is fundamentally different from a building/development that includes short-term rentals (either in primary or secondary residences) and certain amenities for guests to enjoy and should be treated as such.⁸

The emergence of the short-term rental economy has led to myriad types of rental management. For example, some primary residents offer their home to STR guests, with permission and operational support of the landlord.⁹ This model enables significantly more affordable rent for tenants, while embracing flexibility for a generation of renters that have increasingly variable work and travel lifestyles, particularly in the wake of the COVID-19 pandemic.

Depending on the program, managed rental models like this can also provide landlords or condo/co-op boards with oversight, transparency, insurance, and even a share of the STR revenue that they can use to improve the community for all users.¹⁰

Regulations and federal lending should support this type of responsible short-term rental activity.

The Adaptability and Flexibility of the Short-Term Rental Market

Airbnb’s business model highlights the adaptability and flexibility of the short-term rental marketplace. From December 31, 2019 through September 30, 2020, the number of active listings remained stable at approximately 5.6 million despite the decline in booking activity on our platform due to COVID-19.¹¹

Against an otherwise highly negative travel backdrop, there are several areas of our business that have shown resilience, notably, domestic travel, short-distance travel, travel outside of our top 20 cities, and long-term stays.

Of course, the flexibility of the short-term rental market-- and its benefit to homeowners and the surrounding community-- was evident far before the pandemic. For example, as a survey of

⁸ The use of residential property for short-term rentals does not transform its underlying use. Indeed, as the American Planning Association (APA) has described, “home occupations” have long been recognized in zoning codes nationwide. As such, the fact is that occasionally renting a home does not transform the property into a commercial enterprise any more than a garage sale transforms a home into the local mall or providing music lessons to local kids turns one’s home into Carnegie Hall. Indeed, as noted above, allowing individuals to share their homes on the short-term rental market provides an additional, flexible way to earn income that can support rent or a mortgage. See: <https://www.planning.org/pas/reports/report54.htm>.

⁹ <https://www.airbnb.com/d/friendly-building-managers>.

¹⁰ For an example of the managed model in practice, see Daydream in Denver: <https://daydreamapts.com/homesharing/>.

¹¹ <https://www.sec.gov/Archives/edgar/data/1559720/000119312520294801/d81668ds1.htm>.



accessory-dwelling unit (ADU) owners found, 28% used their ADU for short-term rental use, with nearly half of those citing the need for flexibility for friends and family as the primary motivation.¹² As the White House recently emphasized, exclusionary zoning rules that have long prohibited various types of housing-- including ADU and, in some cases, STR-- have long acted as a barrier to equitable homeownership in the United States.¹³

We applaud the Biden Administration for including provisions in the American Jobs Plan to incentivize reform of exclusionary zoning¹⁴ and firmly believe that federal policy, including from FHFA, should encourage homeowners and developers to build new ADU, which can not only support the homeowner's own mortgage, but can be one part of a broader effort to expand access to affordable housing.

The Effects of the STR Economy on Housing Markets

By and large, independent studies have concluded that short-term rentals are not a primary (or even significant) contributor to housing affordability challenges in the US.

For example, a 2019 study on the impact of Airbnb in NYC funded by the Joint Center for Housing Studies at Harvard¹⁵ found that while Airbnb may lead to a very small increase in rent, those rent increases were concentrated among wealthier, whiter communities, and that, in contrast, lower-income households in communities of color were more likely to benefit as Hosts. Importantly, the study also found that "near-term regulation against Airbnb masks the real underlying challenge, namely the detrimental effects of housing supply restrictions." As a result, short-term rental regulation is not viewed as a means to achieving substantive progress on the affordability crisis.

As a result, FHFA should take account of how erecting roadblocks to STR could affect the ability of lower-income Americans to pay their rent/mortgage.

Conclusion

We thank FHFA for its work to bring the dream of home ownership to Americans from coast to coast and stand ready to continue our work with Fannie and Freddie to ensure that short-term rentals can contribute to economic opportunity in our communities.

¹² Gebhardt, Gilden, and Kidron, "Descriptive statistics of a survey of ADU owners, residents, and owners who live in an ADU," 2018, available: https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1119&context=iss_pub.

¹³ <https://www.whitehouse.gov/cea/blog/2021/06/17/exclusionary-zoning-its-effect-on-racial-discrimination-in-the-housing-market/>.

¹⁴ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/01/fact-sheet-biden-harris-administration-announces-new-actions-to-build-black-wealth-and-narrow-the-racial-wealth-gap/>.

¹⁵ https://scholar.harvard.edu/files/sophie-qingzhen-wang/files/calder-wang_sophie_harvard_airbnb_housing.pdf.



Sincerely,

A handwritten signature in black ink that reads 'Eric Feldman' followed by a horizontal flourish.

Eric Feldman
Federal and International Affairs Lead
Airbnb, Inc.